

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
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TO SECSTATE WASHDC 187
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E.O. 11652: N/A
TAGS: EINV, NI
SUBJECT/INDIGENIZATION DECREE: FOREMOST INTERNATIONAL ET AL

REF: (A) LAGOS 9872, (B) LAGOS 9829, (C)STATE 189530

1.EMBOFF ATTENDED AUGUST 18 SPECIAL NACC COMMITTEE MEETING
CONCERNING IMPACT OF NIGERIAN INDIGENIZATION DECREE
(DECREE) ON U.S. COMPANIES. NACC OFFICERS, DR. ARTHUR
NYLANDER, VICE-PRESIDENT; MR.E.A. THOMPSON, ADMINIS-
TRATIVE SECRETARY; AND MR. WILLIAM PACE, MANAGING
DIRECTOR OF FOREMOST DAIRIES (NIG.) WERE IN ATTENDANCE.

2. PURPOSE OF MEETING WAS TO DRAFT A LETTER DETAILING
U.S. COMPANY CONCERNS FOR PRESENTATION TO COMMISSIONER
OF FINANCE BY THE NACC.

3. ALL PARTIES PRESENT AGREED THAT THE LETTER WOULD
INDICATE:

A. U.S. BUSINESS COMMUNITY DISSATISFACTION WITH CAPITAL
ISSUES COMMISSION (CIC) LOW EVALUATION OF U.S. COMPANIES
SHARES PURSUANT TO ITS AUTHORITY UNDER THE DECREE.

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B. U.S. CORPORATIONS BEAR A UNIQUE AND UNDUE FINANCIAL
BURDEN AS A RESULT OF A BLANKET APPLICATION OF THE
DECREE DUE TO U.S. DOMESTIC ACCOUNTING RULES AND
REGULATIONS.
C. BECAUSE OF THE ABOVE, IT IS NECESSARY THAT U.S.
COMPANIES BE ASSURED OF FAVORABLE ACTION ON CERTAIN
TECHNICAL, TRADEMARK AND MANAGEMENT AGREEMENTS CUR-

RENTLY FILED AND PENDING BEFORE OTHER NIGERIAN AGENCIES.
HERETOFORE, U.S. COMPANIES HAVE NOT GENERALLY SOUGHT
SUCH ARRANGEMENTS.

4. THE DRAFT WOULD BE COMPLETED AND PRESENTED FOR
APPROVAL TO NACC PRESIDENT, CHIEF OKUBANJO, UPON HIS
RETURN FROM THE U.S. ON OR ABOUT AUGUST 28.

5. COMMITTEE OBJECTIVE IS TO DIRECT ITS EFFORTS
TOWARD THE CREATION OF A GENERALLY MORE FAVORABLE
INVESTMENT CLIMATE. IT WAS STATED THAT AN IMMEDIATE
AND SUSTAINED EFFORT SHOULD BE MADE IN IDENTIFIED
AREAS WITH A VIEW TOWARD HAVING CHANGES INSTITUTED
IN THE NEXT FISCAL YEAR (BEGINNING IN APRIL 1979).

6. IN ADDITION TO THE BILATERAL ISSUES IDENTIFIED
IN THE CAHILL/ALHAJI LETTER OF JULY 25, OTHER ISSUES
WHICH THE NACC COMMITTEE BELIEVES SHOULD BE RAISED
ARE CENTRAL BANK DELAY IN THE REMITTANCE OF PROFITS
AND TARIFF REGULATIONS THAT DISCOURAGE THE
ESTABLISHMENT OF LOCAL MANUFACTURING OPERATIONS. AT
PRESENT, A 50 PERCENT RATE IS IMPOSED ON CERTAIN RAW
MATERIALS WHILE A 10 PERCENT DUTY IS LEVIED ON THE
FINISHED PRODUCT.

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7. THERE DOESN'T APPEAR TO BE A CLEARLY IDENTIFIABLE
U.S. BUSINESS COMMUNITY CONSENSUS REGARDING THE IMPACT
OF THE DECREE, OR WHAT RESPONSE SHOULD BE MADE TO IT.
OPINIONS VARY BY COMPANY SIZE, INDUSTRY, AND YEARS IN
THE BUSINESS. U.S. COMPANIES REPRESENTED AT THE
COMMITTEE MEETING APPEAR TO BELIEVE THAT ATTEMPTS TO
INFLUENCE THE FMG ON THE SHARE VALUATION ISSUE WOULD
BE FRUITLESS. AS AN ALTERNATIVE, THEY WILL SEEK
FAVORABLE, OR CONCESSIONAL, TREATMENT ON MANAGEMENT
CONTRACTS AND TECHNICAL SERVICE AGREEMENTS.
WYMAN

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